

Testimony before the House Transportation Committee

House Bill 5333 & 5334

November 8, 2005

Chairman LaJoy and members of the House Transportation Committee:

First and foremost, let me take this opportunity to thank you for allowing me to testify today before your committee on legislation which I have sponsored pertaining to the Mackinac Bridge Authority (MBA).

As most of you are aware, recent disagreements over such matters as engineering inspections, insurance and investment responsibilities between the MBA and Gloria Jeff, Director of the Michigan Department of Transportation (MDOT), have led to a level of uncertainty as to which entity has jurisdiction of certain decision making capabilities over the Mackinac Bridge.

About a month ago, the administration secured an agreement between MDOT and the MBA regarding the functions, responsibilities and authorities of each respective entity. What these bills do is solidify the agreement by placing in statute the conditions which have been set forth by the administration so to avoid future misunderstandings. These laws will help future leaders recognize each others' responsibilities.

Specifically, House Bill 5333 amends the Mackinac Bridge Authority Act to clarify that the MBA can act in its sole discretion to contract with various entities to provide services which are necessary to assure the continued operation of the bridge. These authorities granted under this legislation are consistent with the agreement, which I have attached for the committee's review with my written comments.

House Bill 5334 simply amends the Mackinac Bridge Authority Bonding Act to eliminate a section of the law which requires that all assets of the MBA and the bridge itself be turned over to MDOT after the debts are paid. Because this section of law is inconsistent with the mutual agreement between MDOT and MBA it is important to repeal, thereby avoiding future disputes over the functions and responsibilities of each entity after the bridge is paid off.

I would like to mention that I am working with the Governor's office over some minor concerns relative to HB 5333 and I am committed to working with them to resolve their concerns before the bill is taken up on the House floor. Furthermore, Rep. Casperson and I have been communicating with Bill Gnodtke, Chairman of the MBA who is appreciative of the efforts we're taking to make this agreement permanent.

Along with my written testimony I have provided various articles as well as the said agreement for the review of committee members. Thank you for your time and attention to this matter. I would be happy to answer any questions from the committee members.

State Representative Kevin A. Elsenheimer, Sponsor of House Bills 5333 & 5334

**INTERNAL ORGANIZATION AGREEMENT
FOR
ALLOCATION AND REALLOCATION OF DUTIES AND FUNCTIONS
OF THE
MICHIGAN DEPARTMENT OF TRANSPORTATION
AND THE
MACKINAC BRIDGE AUTHORITY**

Historical Background

The Mackinac Bridge Authority (MBA or Authority) was created by Public Act 21 of the Extra Session of 1950. The purpose of the Authority at that time was to determine the physical and financial feasibility of a bridge connecting the Upper and Lower Peninsulas of the State of Michigan. The Authority was further empowered by Public Act 214 of 1952 to finance, build, maintain, and operate a bridge. Construction was started in May 1954. The Mackinac Bridge was opened to traffic on November 1, 1957, at a cost of \$100 million, and dedicated on June 28, 1958. Since that time, the MBA has served the People of the State of Michigan as the steward of the Mackinac Bridge, protecting the integrity of one of our state's crown jewels, and today continues its work to ensure the Mackinac Bridge remains an outstanding part of Michigan's transportation system.

Michigan Department of Transportation

Consistent with a mandate under the Michigan Constitution of 1963 that the offices, agencies, and instrumentalities of the executive branch of state government be allocated by law among and within not more than 20 principal departments grouped as far as practicable according to major purposes, the Department of State Highways was created as a principal department by the Executive Organization Act of 1965 (Public Act 380). In 1978, the Department of State Highways was renamed the Department of Transportation (MDOT) and a six-member State Transportation Commission (Commission) was created by the People of the State of Michigan to establish policy for MDOT programs and facilities and such other public works of the state, as provided by law. The Director of MDOT, appointed by the Governor with the advice and consent of the Michigan Senate, is the principal executive officer of MDOT and responsible for executing the policy of the Commission. Under Public Act 380, the MDOT Director is the head of the Department of Transportation.

Mackinac Bridge Authority

The MBA predates the Michigan Constitution of 1963. It is a public benefit corporation consisting of seven members, including the MDOT Director and six members of the public appointed to six-year terms by the Governor with the advice and consent of the Michigan Senate. No more than three members appointed by the Governor may be members of the same political party.

After the adoption of the Michigan Constitution of 1963, Public Act 380 transferred the MBA to the Department of State Highways (now MDOT) by a "Type 1 Transfer." Under Public Act 380, "Type 1 Transfer" means:

[T]he transferring intact of an existing department, board, commission or agency to a principal department established by this act. When any board, commission, or other agency is transferred to a principal department under a type I transfer, that board, commission or agency shall be administered under the supervision of that principal department. Any board, commission or other agency granted a type I transfer shall exercise its prescribed statutory powers, duties and functions of rule-making, licensing and registration including the prescription of rules, rates, regulations and standards, and adjudication independently of the head of the department. Under a type I transfer all budgeting, procurement and related management functions of any transferred board, agency or commission shall be performed under the direction and supervision of the head of the principal department.

As a result of the transfer of the MBA under Public Act 380, the Mackinac Bridge Authority generally exercises its powers, duties, and functions independently from MDOT, but the budgeting, procurement, and related management functions of the MBA are subject to the direction and supervision of the MDOT Director. Furthermore, the statutory authority retained by the MBA includes, but is not limited to, the statutory obligation to do all of the following:

1. Maintain, operate, manage, improve, repair, and control the Mackinac Bridge, consistent with Michigan law.
2. Determine the rates of tolls and charges to be made for the services and facilities afforded by the Mackinac Bridge.
3. Exercise the related functions of rule-making, licensing and registration, including the prescription of rules, rates, regulations and standards, including regulations for the use of the bridge.

Consistent with this framework, the staff of the MBA carry out the day-to-day operations of the Mackinac Bridge. Although the staff of the MBA are employees of MDOT, they are compensated with revenues generated by the Mackinac Bridge. MBA staff report to an Executive Secretary who while also an MDOT employee, reports directly to the MBA.

In 1986, when the original bonds financing the Mackinac Bridge were repaid, some questioned the need for the continued existence of the MBA. However, the Governor's Mackinac Bridge Task Force created by Governor Blanchard concluded, among other recommendations, that the MBA should remain in existence and continue to operate and maintain the Mackinac Bridge into the future. Because of the importance of operating and maintaining the Mackinac Bridge for many years to come, the MBA continues to serve a vital function.

Allocation of Duties and Functions

While the respective legal responsibilities of MDOT and the MBA have been established for nearly 40 years, within that established legal framework the MBA and MDOT must maintain an effective working relationship. In the current economy and security environment, it is more important than ever that the Mackinac Bridge be operated as efficiently as possible. In order to do so, the MBA and MDOT will continue to work closely and cooperatively to maximize the structural integrity and safety of the Mackinac Bridge and its efficient operation for Michigan's future generations. To achieve this goal, the MBA and MDOT agree to the following allocation of duties and functions:

1. The MBA is wholly funded from Mackinac Bridge revenues. The Mackinac Bridge will be served best by an MBA that provides continued insulation from state political and budget constraints.
2. The MBA will continue to exercise its traditional independent decision-making role. That decision-making role traditionally has extended to MBA planning such as business and strategic plans, budgeting, finances, investments, risk management, insurance, and contracts, as well as oversight of the inspection, maintenance, and repair of the Mackinac Bridge.
3. The MBA will maintain its traditional responsibility for the maintenance, operation, repair, management, improvement, and control of the Mackinac Bridge, consistent with Michigan law.
4. While the budgeting, procurement, and related management functions of the MBA are statutorily subject to direction and supervision by the MDOT Director, the MDOT Director will defer to the judgment of the MBA on all matters related to the traditional powers, duties, and functions of the MBA.
5. Members of the MBA and its committees are responsible only to the MBA and are not subject to direction and supervision by MDOT or the MDOT Director.
6. While the MDOT Director will continue to serve as the appointing authority for the Executive Secretary of the MBA, the Executive Secretary of the MBA will be selected by MDOT only after consultation with, and the approval of, the MBA in accordance with rules applicable to employees in the state classified service. On all matters relating to the powers, duties, and functions of the MBA under Michigan law, the Executive Secretary will report to the MBA without interference from MDOT. Personnel reviews of the Executive Secretary will be conducted jointly by MDOT and the MBA or a designee of the MBA.
7. MDOT will continue to provide input and expertise to the MBA through the MDOT Director's status as a member of the MBA.

8. MDOT will continue to provide the MBA with staff sufficient for the MBA to exercise its powers, duties, and functions under Michigan law.

9. MDOT will provide the MBA with access to documents or information in the possession of MDOT relating to the Mackinac Bridge as the MBA requires to exercise its powers, duties, and functions under Michigan law, without exception.

10. As required by Michigan law, MDOT will liberally construe Public Act 214 of 1952, (relating to the MBA), so as to effect the intents and purposes of that law.

11. While the MBA will continue to conduct its business as required under the Open Meetings Act, the MBA may hold a closed session as authorized under the Open Meetings Act to review sensitive information related to the security of the Mackinac Bridge.

12. The MBA will take no action to incur obligations that would constitute an indebtedness of this state within the meaning of any constitutional prohibition or limitation.

13. The MBA will comply with all state laws and regulations of general applicability including, but not limited to, laws and regulations relating to public employees, public funds, and procurement of goods and services. The MBA remains subject to applicable Executive Orders and Executive Directives.

Consistent with Public Act 380 and Executive Directive 1965-13, this proposal for the allocation of duties and functions of the Michigan Department of Transportation is submitted to the Governor for approval.

William H. Gnodtke
Chairperson
Mackinac Bridge Authority

Date: _____

Gloria Jeff
Director
Department of Transportation

Date: _____

Approved by the Governor:

Jennifer M. Granholm
Governor

Date: _____



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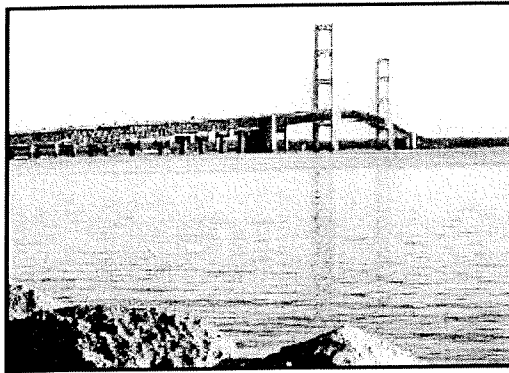


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Front Page

MDOT Director Challenges Mackinac Bridge Authority

By Karen Gould



A view of the Mackinac Bridge from Bridge View Park in St. Ignace.

of the Michigan Department of Transportation, who is basing her reasoning on an Attorney General's opinion she is keeping to herself. She also advised the authority at its August meeting that matters of engineering inspections and insurance will now be controlled by MDOT. Bridge inspection reports will no longer be shared with the Authority, except in summary, she said. Last year, Ms. Jeff moved approximately \$25 million from the Bridge Authority to the state treasury.

Ms. Jeff sits on the Mackinac Bridge Authority by virtue of her responsibility as director of the Michigan Department of Transportation. In a sometimes-tense Mackinac Bridge Authority meeting on Mackinac Island Friday, August 12, she had the bridge survey report removed from the agenda and challenged board action to buy insurance for the bridge, stating MDOT would not appropriate the funds and that board members would be personally liable if they proceeded with the plan. MDOT wants the Mackinac Bridge to be self-insured.

"Her taking over the board's power completely eliminates the past practices of every other highway commission since the Bridge was built, and it

The long-standing responsibilities of the Mackinac Bridge Authority are being challenged by Gloria Jeff, director

August 27, 2005

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eliminates the positive contribution and independent views the Bridge Authority brings," said former board member Thomas Guastello, who is a former Michigan state representative and a state senator. He attended the August 12 meeting as a citizen.

Ms. Jeff, as a department head, reports to Governor Jennifer Granholm.

A year ago, Ms. Jeff moved \$25 million that was being invested by the Authority to the State Treasurer. Her reasoning was that the State Treasurer is the treasurer of the Bridge Authority. "She just moved the money over," said Bridge Authority Chairman Bill Gnodtke.

The Bridge is completely self-funding and MDOT does not supply funds for the bridge, according to Mr. Gnodtke. The Authority funds bridge maintenance and employee wages and benefits.

"It is absolutely 100 percent self-sufficient," he said.

The Authority, with its independent status from state departments, defined in statutes as a Type One Transfer, has benefited from relative independence from the political pressures of state budgets. The Authority is a bipartisan board whose members are appointed by the Governor for six year terms and has operated under a congenial, but somewhat autonomous, relationship with the Michigan Department of Transportation.

Now, Ms. Jeff, armed with an Attorney General's opinion she will not make public, wants to greatly diminish the authority of the Mackinac Bridge Authority, say some present and former board members, and move most decision making to Lansing and the Department of Transportation.

"My real fear is this will put the Bridge in the same predicament as it has put Michigan roads, which are the third worst in the United States," said Mr. Guastello.

"We can keep butting heads on this," Ms. Jeff told the Authority on Mackinac Island, standing firm in her jurisdiction. "I understand that there are members of the board who disagree with the statement of the Attorney General and don't believe the Attorney General is right in saying that there was a change in the status of the Mackinac Bridge

Authority. It is not an independent entity and is part of the executive branch of state government. In that capacity, the Department of Transportation has a responsibility for operation and maintenance.”

“The AG opinion being referred to frequently is an internal MDOT document,” Bob Felt later told *The Town Crier*. Mr. Felt is a Communications Specialist for MDOT. “There are no plans to share it publicly,” he said.

Mr. Guastello is not impressed. “Informal opinions are not binding,” he said, “and she uses it for a power grab. If she’s so confident in the opinion, why isn’t she releasing it? She has a unique interpretation different from every other MDOT director for the last 50 years.”

While hesitant to stir the pot in public two weeks ago on Mackinac Island, Authority members have become more outspoken as the ramifications of Ms. Jeff’s actions sink in. Near the end of the August 12 meeting, the MDOT director had proposed a retreat in which she and other board members could work on building a better relationship and understanding with the help of a facilitator, but Chairman Gnodtke said he and board member Murray Wikol would poll other members first, to get a consensus as to how the confrontations would be resolved.

“It is our intention to continue to operate as we have, and we are not going to back off on the business of the Authority,” he said this week. “Individual members on the Authority have expressed a willingness and interest in exploring ways to re-establish the historical role of the Mackinac Bridge Authority.”

“I think it is a bureaucratic power grab on the part of Gloria Jeff,” said Jon “Jack” LaSalle of Marquette, former 10-year Authority member who later spoke with *The Saint Ignace News*. When Mr. LaSalle was appointed to the Authority for the first time in 1986, he said, he was told by long-time Chairman Charles Fisher that the board isn’t about Democrats or Republicans. Mr. Fisher told him the board was there to look after the Bridge. Mr. LaSalle said, during his tenure, he has never seen partisanship as a factor in the board’s decision-making process or in board member relationships.

Mr. LaSalle said Ms. Jeff told him last December that the Authority would be responsible for

decisions regarding raising, lowering, or leaving Bridge fares as is, and nothing else. He said several governors have looked at the autonomous structure of the Mackinac Bridge Authority and decided they would leave it as it was.

"The Mackinac Bridge is not just a five mile road," said Mr. LaSalle. "It's a very special road with unique aspects. The board was assigned to protect it."

"I've heard nothing out of Governor Grahholm's office," he continued. "As far as I know, this is a Gloria Jeff thing." He said he asked Ms. Jeff what problem she was attempting to fix by forcing the change in responsibility, but he never got an answer.

"I think that this is an error that comes from MDOT, not the Governor's office," he opined. "Ultimately, it will have to be rectified by the Governor."

Leaving some room for reflection, Governor Granholm's press secretary, Elizabeth Boyd, had the following to say Tuesday, August 23, when asked for a comment: "The Mackinac Bridge is a Michigan treasure and, at the end of the day, we know everyone wants to do what's best for the bridge and the state of Michigan."

Chairman Gnodtke likened the current relationship between the Mackinac Bridge Authority and Ms. Jeff to a marriage where the wife has the checkbook and the husband as the bank balance. The husband won't tell the wife how much is in the account, and she won't tell her husband what checks she has written.

At the August 12 board meeting, Ms. Jeff pulled the annual engineering survey report from the agenda and told the Authority that a summary of the report would be made available to Authority members at her discretion. Representatives of the company contracted for the survey, which inspects the bridge for structural soundness, were told not to attend the meeting. Such matters were of no concern to the Authority, she said.

Her office later told *The Town Crier* the decision is based on security concerns relating to the September 11, 2001, terrorist attacks. Reports have been made available to the Authority and the public since the attacks and up until this year.

Ms. Jeff told the MBA that, as the state transportation director, she is responsible for the oversight of the Mackinac Bridge. She referred to the unspecified Attorney General opinion about responsibilities of the board as the basis for her instruction that the bridge inspection report be removed from the meeting's agenda.

"The issue of the physical condition of the Bridge is an operational item that MDOT has responsibility for," she said. "It is our opinion that we will provide you with information on the condition of the physical situation, but it is our discretion on who and how that occurs."

She noted that she was speaking as a member of the board and also as the director of the Department of Transportation.

Mr. Felt, the MDOT communications specialist, said, "The MBA board is well aware of all of the concerns regarding the Bridge since September 11." He said the inspection reports are not read publicly and they cannot be obtained through the Freedom of Information Act for security reasons. "The bridge is a high profile operation; to ensure a safe and secure crossing, again, that information will not be shared, nor has it been openly discussed recently," he said.

Last year during the August meeting on Mackinac Island, the inspection report was presented to the board.

In April, the Authority was given a report on Insurance Risk Assessment by the Department of Management and Budget with the recommendation that the Authority set up a restricted self-insurance fund by setting aside \$200,000 annually, which is approximately the same amount the Authority was paying in premiums for insurance coverage annually. For small losses, the Authority could use the restricted fund. For large losses that exceed the fund's balance, MDOT would reimburse the Authority with general road and bridge funds. This recommendation was based on the loss history of the Authority being low.

Current insurance policies expire September 1. The insurance assessment revealed there was some dual coverage and, through self-insurance, the Authority could save more than \$220,000 before the annual contribution to the self-insurance fund.

During a June 17 insurance committee meeting, Authority Chairman Gnodtke asked for a document that obligates MDOT to make up any shortfall in the Authority's self-insured fund. The letter was expected to be ready by the August Mackinac Island meeting, but it was not, and that proved to be a stumbling block for the board during the meeting.

"I'm not adverse to going self-insured as long as I have a comfort level," said Mr. Gnodtke at the meeting. He said he had not yet seen the letter assuring the board that MDOT would reimburse the Authority for losses above the fund's balance. Therefore, the board voted to renew its insurance coverage for one year with the Dobson and McOmber Agency of Ann Arbor and the Cheeseman Agency of St. Ignace. Ms. Jeff and Board member Patrick Gleason voted against the renewal.

Possibly anticipating the vote outcome, Ms. Jeff told the Authority in April that any action taken at the August meeting to remain commercially insured would be considered advisory. She reiterated that before and after the vote Friday.

"This will be viewed as advisory," Ms. Jeff said after the vote. "The department at this time will not execute a contract. So, if there is a signature by a member of the board, the board personally by their member signing will have the financial responsibility and not the department. The department will not assign nor cover any costs associated with the action."

Ms. Jeff said insurance is an administrative function and is the responsibility of the state transportation director, not the Authority. Mr. Felt later told *The Saint Ignace News*, "She is currently looking into getting the best insurance coverage possible in order to save money for the citizens of Michigan. After her analysis is complete, more specific information regarding the insurance may be available. The MBA Board has had insurance for many years. With the state's buying power, if you will, comparable coverage can be purchased at a cost savings. Gloria Jeff, in her role as state transportation director, will provide oversight to bridge operations, of which insurance is part."

Once everything is firmed up, she will be in contact with the Mackinac Bridge Authority regarding the status of insurance for the Mackinac Bridge, he said.

During the Business Plan Projections report, Bridge Secretary Robert Sweeney said staff members recommended no adjustment be made in the bridge toll, and the Authority will keep the rate at \$2.50 per car, \$2 per axle for motor homes, and \$3 per axle for all other vehicles.

The board considered budget projections from Ms. Jeff that predicts bridge traffic will increase by one percent a year, though traffic has been declining over the last five years. Board members expressed serious concerns over the projections, but Ms. Jeff said justification for the revenue projections is that economic activity in the Upper Peninsula is projected by Lansing to increase.

Bridge crossings continue on a downward trend, with July at 0.6 percent fewer crossings than July 2004, and 1.2 percent fewer crossings overall from January through July compared to last year, reported Mike Litzner, chief financial officer. Mr. Litzner estimated the traffic drop to be around five percent in the last five years. Vice Chair Elisa Schaller said she believes the loss in traffic has occurred with the establishment of downstate casinos.

A three-year, \$18 million contract between two companies to paint the Bridge is on schedule and within budget and scheduled to be completed by December 2006. Kim Nowack, chief engineer, said the project is about 50 percent completed.

Ms. Nowack gave a presentation on other maintenance projects being performed to maintain the bridge, which is subject to corrosion from water and runoff debris. She said the main cable will be painted with a new, flexible product that was tested two years ago. They also are replacing five to six gratings each year, she said.

Mr. Sweeney said the automatic toll lanes for commuters that require either a pre-paid transponder, micro-chip card, or tokens are increasing in popularity, with about 16 percent of bridge traffic being commuters. There are 276,500 tokens in circulation that appear to have become collector items, as approximately 230 bridge tokens do not come back into inventory every day, he said. About 80 percent of commuters prefer the tokens over cards, Mr. Sweeney reported.

In other business, Lieutenant Curt Robertson, the commander of the St. Ignace Post of the Michigan

State Police, told the Authority that troopers have issued 108 traffic citations and 121 verbal warnings on the bridge this year and have made 12 arrests. There had been four traffic crashes on the bridge, he said. The motor security officers have made 433 inspections, screened 4,838 trucks, and issued 454 warnings.

Also during the meeting, the upcoming Labor Day Bridge Walk was discussed.

Ms. Jeff said the largest celebration marking MDOT's 100 year anniversary would take place during the Labor Day weekend and include a fireworks display over the Mackinac Bridge. Ms. Jeff will participate in the Bridge Walk Monday, September 6.

MDOT also is working with Michigan Air National Guard to have a fly over during the Labor Day Bridge Walk at approximately 8:30 a.m. and, on the second pass, the planes would tip their wings to the walkers.

In conjunction with the Bridge Walk, Mr. Sweeney said last year a wind monitoring device was installed at White Shoals Lighthouse, 20 to 30 miles west of the bridge. This provides the Bridge with wind speeds before they reach the Bridge and will allow the Authority to delay the walk if winds become dangerous.

On Tuesday, August 2, the Authority received a reading at the Lighthouse of 60 mile per hour winds, yet wind speeds were calm at the Mackinac Bridge, he said. This information allowed them to advise maintenance crews to stop work and set up lane closures for high profile vehicles. He said there are plans to install another warning device at Bois Blanc Lighthouse to the east in the future.

Mr. Sweeney said that he has been meeting with Governor Jennifer Granholm's staff to coordinate activities for the Bridge Run to be held just before the walk. He said 350 runners, selected a random, will take part, including 26 state employees.

The Bridge Authority has contracted 111 buses to transport walkers and approximately 200 National Guard troops will help monitor walkers along the Bridge, he said.

The Mackinac Bridge Authority Board is composed

of seven members appointed by the Governor, except for Ms. Jeff, who serves as the state transportation director. Other board members include Chairman William Gnodtke, Vice-chair Elsa Schaller, Angelo Lanni, Murray Wikol, Patrick Gleason, and Barbara Brown.

The next scheduled Authority meetings are November 1 and 2 in Detroit, March 9 and 10 in Lansing, and June 15 and 16 on Mackinac Island.



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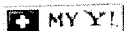
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September 8, 2005

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MDOT Director Stands Firm in Bridge Authority Dispute

Governor: State Will Not Strip MBA Powers

By Karen Gould



MDOT Director Gloria Jeff makes her point in St. Ignace last Thursday that she isn't taking over the Mackinac Bridge.

Authority. Her State Transportation Director, Gloria Jeff, said she is not grabbing power, just conserving financial resources in tight times. To do that, she has told the Bridge Authority it cannot buy insurance and is no longer responsible for structural review and large-scale maintenance.

Some of those attending a public forum on the matter last week were left wondering if the two state officials agree or disagree.

The meeting was hastily called for Thursday evening at Little Bear East Arena in St. Ignace by State Senator Jason Allen (R-Traverse City), who sought public opinion on the broken relationship between Ms. Jeff and the Mackinac Bridge Authority, an agency under the umbrella of the Michigan Department of Transportation (MDOT). At the Authority's August 12 meeting on Mackinac Island, Ms. Jeff, who is an Authority member as well as MDOT director, announced to other

Governor Jennifer Granholm promised Thursday, September 1, that Lansing is not about to strip the powers of the Mackinac Bridge

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Authority members that MDOT would now administer nearly all of the Authority's major functions, including engineering inspections and bridge insurance decisions, along with investment of \$25 million in bridge toll revenues. She said she can do this because a 40-year-old attorney general opinion says she can, and she left the meeting, said some Authority members, with a fistful of power.

The Mackinac Bridge Authority, which first met April 24, 1950, and which always has enjoyed an autonomous relationship with Lansing, is left with the authority to raise and lower bridge tolls, daily maintenance, and planning bridge activities, such as deciding whether camera crews can film from it.

The August dialogue, which culminated almost a year of probing and testing between the Bridge Authority and MDOT, has since been expanded to include state legislators and even the governor, who sent word to St. Ignace last week that this isn't her doing.

"I have been asked to assure everyone here that the Granholm Administration has absolutely no desire to take away the authority of the Mackinac Bridge Authority; it is not a Lansing power grab," said Barbara Brown, the messenger. Ms. Brown is an administration law judge for the State of Michigan, the granddaughter of the Bridge Authority's first chairman, U.S. Senator Prentiss M. Brown, and was appointed by the governor to the Mackinac Bridge Authority earlier this year.

"I have been asked to tell you that," she emphasized. "I believe her. I believe she means it sincerely. It is her sincere hope and it is my sincere hope, as the newest member of the Authority, that from this moment forward, we can all view this bridge and deal with it as it has been dealt with for over 50 years, and that is with a spirit of nonpartisan cooperation."

Director Jeff was not deterred.

"This is not a power grab," Ms. Jeff said, a statement she repeated several times that evening. "These are extraordinary times from a financial standpoint for the State of Michigan. Just as we are looking at every part of state government to find savings, to find opportunities, to improve performance, to better utilize our capital assets, that's the same thing we are doing here. Why we are

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doing it now is the extraordinary financial condition within which the State of Michigan finds itself. We are working very hard to make sure that we have the financial wherewithal, not just to meet the needs of the Mackinac Bridge today, but in 15 to 20 years when the issue of having to re-deck the bridge is there.”

Legislators attending Senator Allen’s town hall-style meeting included Senator Mike Prusi (D-Ishpeming) and State Representatives Tom Casperson (R-Escanaba), Kevin Elsenheimer (R-Bellaire), and Gary McDowell (D-Rudyard).

“The statement that I heard from the governor through Ms. Brown is that this is not a Lansing power grab,” said Representative Elsenheimer to Director Jeff. “The statement that I heard from you is that MDOT is not taking over the Bridge and yet, the statement that I later heard is that what you are doing, however, is taking over many of the major aspects of the management of the Bridge Authority. I’m not sure if someone is parsing words or not, but it sounds to me as this is a power grab.”

By the end of the two-hour meeting, which was also attended by six of the seven Bridge Authority members (Elisa Schaller of Petoskey was sick), attendees expressed only confusion and bewilderment with the comments of the governor and the MDOT director.

“I was very pleased with Barbara Brown’s remarks, which I understood represented the governor’s position,” said Mackinac Bridge Authority Chairman Bill Gnodtke on Monday, September 5, in an interview with *The St. Ignace News*. “I was equally perplexed by the statements of the director. I thought the problem was behind us, and then boom. We appear to be further behind than we were before the meeting.”

Mr. Gnodtke, like Mr. Elsenheimer, implied Ms. Jeff had blurred the distinction between the Mackinac Bridge and the Mackinac Bridge Authority.

“MDOT is not interested in taking over the Mackinac Bridge,” Ms. Jeff had said.

In assuming control of the Authorities financial decisions, she referred to the state’s executive reorganization act in 1965, noting it put the

autonomous Mackinac Bridge Authority under the oversight of MDOT. Ms. Jeff based her assumption of insurance and maintenance responsibilities on the 1965 Type 1 transfer of the Authority to the Highway Department and on her interpretation of a 1966 attorney general opinion written by Frank Kelley.

The attorney general's opinion Ms. Jeff referred to at the town hall meeting was the same one referred to in August when a representative from MDOT's Lansing office said it was an "internal document" and it would not be released. During last Thursday's meeting, Ms. Jeff made copies available of a 1966 opinion to Frederick Tripp, who at that time was director for administration of Michigan Department of State Highways, now the Department of Transportation. Mr. Kelley addressed questions regarding the Type I transfer to the Highway Department, as it impacted on the Mackinac Bridge Authority, and other bridge boards, such as those at Blue Water and International Bridge, and opined that the highway department was ultimately responsible.

Ms. Jeff said the reason she is exercising that opinion now is because the state is facing tough financial times. The Waterways Commission, Aeronautics Commission, and other agencies lost their independence years ago as Type 2 transfers. The bridge authorities and the Mackinac Island State Park Commission are the few remaining Type 1 transfers.

"We need to bring in lessons learned from other parts of state government," Ms. Jeff said.

She explained that she transferred the \$25 million the Authority had been managing to the State Treasury to save \$47,000 in management fees being charged by a private firm.

"These funds are not used for the general fund," she said in response to charges she would use the money to trim the state's budget deficit. "They are, my words, firewalled, in a way that they can only be used to address the needs and activities on the Mackinac Bridge. They go nowhere else. They are not shifted anywhere else."

The money in that fund is generated from bridge tolls, not tax money, she said, and "They cannot be used for any other purpose," than for the Bridge.

Some of that money will be used to re-deck the Bridge, a project that had been scheduled for 2017, but pushed back to 2020 by Ms. Jeff during the Authority's August meeting. Her reasoning, she said, was based on advances in preventative maintenance products and procedures. The savings by the delay would be great, she pointed out at the August meeting.

Ms. Jeff also said the Authority now would be allowed to view bridge inspection reports in a controlled environment. Last month, Ms. Jeff said Authority members would only receive summaries of maintenance reports because of security issues since the September 11, 2001 terrorist attacks.

Regarding employees of the Bridge, Ms. Jeff said, "Their jobs will remain unchallenged and not in jeopardy by any of the actions we've taken here."

Authority member Murray Wikol said, "The best thing for the community and the Bridge is an independent authority. We need to have checks and balances."

"I've got to admit, I'm leaving here tonight more confused than when I came in," said Representative Elsenheimer. "I've been in Lansing about nine months now, and I'm a new representative, but I can hear Lansing-speak and know it when I hear it. I'm hearing it tonight. I think there is some confusion out there that needs to be addressed. The fact of the matter is that steps are being taken by this department in this administration that were not taken by the Engler, Blanchard, Milliken, Romney, or Swainson administrations over the last 40 years. I still have not been given a good reason why," he said.

"There is still a tug of war going on between MDOT and the Mackinac Bridge Authority," Senator Allen told *The St. Ignace News* after the meeting ended.

Authority board members are a nonpartisan group who are appointed by the governor. The board consists of three Republicans and three Democrats in addition to the director of MDOT. Ms. Jeff was appointed to her MDOT post by Governor Granholm.

At Thursday's meeting, St. Ignace Mayor Bruce Dodson address the issue of MDOT setting up a self-insurance fund for the Bridge. Another St. Ignace

area landmark, the Father Marquette National Memorial and Museum, had been self-insured by the state, but when lightning struck the museum and it burned, the state said it had no money to rebuild it.

"Our Father Marquette Museum burned about seven years ago," said Mayor Dodson. "You can go down there and look at it. It is just a piece of dirt on the ground. Nothing has been done to this day to replace the Farther Marquette Museum."

Art Underwood, chairman of the St. Ignace Planning Commission, who served in state government under Governor John Swainson, said MDOT plans to bypass the city planning when it builds a bus station in St. Ignace.

"They are going to take a prime piece of real estate and they don't feel they have to come to the planning commission, as the law requires of all public agencies, to tell us what they are doing. That, to me, is arrogance," he said. "I see the same level of arrogance with what is happening now with the Mackinac Bridge Authority."

Former Senator Walter North, who is a former comptroller at the Mackinac Bridge and was the executive secretary there from 1982 until 1993, said the interpretation of the attorney general opinion is weak.

"Attorney General Frank Kelley wrote that opinion loosely, so that differences could be worked out," he said.

He stressed leaving the Authority alone.

"If it ain't broke," he said, "don't fix it."

In a September 5 interview with *The St. Ignace News*, Mr. North noted, "The attorney general's opinion has been there for 40 years and other directors have delegated these responsibilities with the Bridge Authority."

Representative Gary McDowell said he would like to see the two entities work out their differences and continue to work together to keep the bridge safe and well maintained, the bridge fare low, and continue to move forward with the re-decking project in 15 to 20 years.

“The governor says she doesn’t want a Lansing takeover, and I expect her to keep her word,” Senator Allen said Friday, September 2. “It’s my intention to fully explore all options, legal and legislative, to restore the power of the Bridge Authority. This may require legislative corrections.”



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Tension over Mackinac Bridge eases

Conference call settles perception MDOT was trying to wrest control from bridge authority.

By George Weeks / The Detroit News



Gov. Jennifer Granholm is not as tone deaf as I thought to what has made the Mackinac Bridge and the Mackinac Island State

Park Commission tick so successfully for so long.

I was befuddled when her budget cut out general fund support of the park and raised the prospect of charging a landing fee on the island. Then her administration came across with what, as ineptly presented, seemed to be a Lansing power grab of the Mackinac Bridge Authority.

But Granholm, in a rather extraordinary conference call I had Friday with her and Mackinac Bridge Authority Chairman Bill Gnodtke, said they had reached agreement in principle "to clarify and enforce the line of authority" of the unique agency that manages "a bridge that is a jewel."

The authority, thanks to the wisdom of the Legislature, is rare in that it is a largely autonomous "Type I" agency within the Michigan Department of Transportation (MDOT), just as the Mackinac Island State Park Commission is Type I within the Department of History, Arts and Libraries.

People in Michigan's Upper Peninsula like it that way. An independent bridge authority to them is insulation from downstate legislators and bureaucrats who often seem foreign and neglectful.

Republican Gnodtke, who last month bristled at some takeover moves by MDOT Director Gloria Jeff on insurance contracts, investment policies and other issues, said: "What happened, happened. We'd rather (now) focus on the future."

Gnodtke, longtime ally of former Gov. John Engler, said he is now confident "the governor is not trying to micromanage the bridge at all."

But Gnodtke said he would have to consult with the other five members of the authority before commenting on specifics of the agreement that had been worked out by Gnodtke and Granholm Legal Counsel Kelly Keenan, who also was on the conference call.

Granholm Press Secretary Liz Boyd arranged the call in unusual response to my question of whether Granholm knew in advance, and approved of, transportation director Jeff's moves to take over some of the authority's responsibilities.

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Granholm said: "I found out about this last week."
 After Granholm left the line, Boyd said steps that were taken by Jeff
 reflect Granholm's "zeal to find money savings wherever she can."
 MDOT said that by taking a more active role in overseeing operations
 and finances of the bridge, it "will result in the anticipated savings of
 almost \$4 million in taxpayer funds over the next fifteen years."
 How actively MDOT will push for a bigger role remains to be seen.
 But Granholm appears to have softened the department's hardball stance.
 Gnodtke is not one to cave.

*George Weeks is The News' political columnist. Reach him at (517)
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Granholm Approves MDOT, Bridge Authority Agreement Securing Bridge's Future

September 20, 2005

Authority's Traditional Role Formally Recognized

LANSING – Governor Jennifer M. Granholm today announced that for the first time since the reorganization of state government under the 1963 State Constitution, the roles and responsibilities of the Mackinac Bridge Authority have been formally documented in an agreement signed by the director of the Michigan Department of Transportation (MDOT) and the Chair of the Mackinac Bridge Authority (MBA).

The agreement, approved by Granholm, affirms the Authority's traditional and independent functions and the legal obligation of MDOT to assist the Authority in meeting its responsibilities. A key element of the agreement providing for the allocation of duties and functions is a commitment by both the department and the authority to work together to find administrative efficiencies.

"The Mackinac Bridge is a jewel in Michigan's crown, and we are ensuring that it will be treated as such for generations to come," Granholm said. "For years, the Mackinac Bridge Authority has served as a steward of the bridge, and under this agreement, the Authority's stewardship will continue."

Granholm noted that in the current economy and security environment, it is more important than ever that the Mackinac Bridge be operated as efficiently as possible. In order to do so, the Governor noted that the MBA and MDOT will continue to work closely and cooperatively to maximize the efficient operation, structural integrity, and safety of the Mackinac Bridge.

Under the agreement, the Mackinac Bridge Authority will continue to exercise its traditional independent decision-making role over matters involving the bridge, including business and strategic plans, budgeting, finances, investments, risk management, insurance, and contracts, as well as oversight of the inspection, maintenance, and repair of the Mackinac Bridge. MDOT will work to implement decisions made by the Authority consistent with state law.

While the Michigan Department of Transportation will continue to serve as the appointing authority for the executive secretary of the Authority, the MBA's executive secretary will be selected by MDOT only after consultation with, and approval of, the MBA, in accordance with rules applicable to employees in the state classified service. The department will also provide the Authority with any and all information related to the bridge and defer to the Authority's judgment on matters involving the bridge.

The agreement acknowledges that the Authority is independent, and while served by MDOT, the authority does not report to MDOT.

William Gnodtke of Charlevoix and Chair of the Bridge Authority, said he welcomes the Governor's willingness to formally clarify what have been informal practices in the past.

"The Bridge Authority has a single agenda, and that is to do what is in the best interest of the Mackinac Bridge," Gnodtke said. "We welcome the Governor's willingness to ensure that we have all the tools and support we need to ensure that the Mackinac Bridge lives up to its reputation as the 'Mighty Mac' for generations to come."

As a plan for the allocation of duties and functions within a principal department of state government, the agreement signed by the department and the Authority required the approval of the Governor under the Executive Organization Act of 1965.

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